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## National Health Financing News

- **Health Care Reform Legislation Slows, House and Senate Rework Financing Methods:** While the **Senate Health, Education, Labor and Pensions (HELP) Committee** continued marking up its health care reform legislation (Financing News Pulse 7/6 edition), major health reform legislation in the **House** and the **Senate Finance Committee** has stalled, causing some to question whether health reform will come to vote before the August Congressional recess. House Democrats were scheduled to release draft legislation on July 10; however, members of the **Blue Dog Coalition** of conservative Democrats authored a letter to **House Speaker Nancy Pelosi** (D-CA) saying they would not support the bill in its current form. The Blue Dogs cited a surtax on Americans earning over \$250,000 annually, issues with the payment system in the public plan option, and small business protections as reasons for their protest, which will delay the release of the bill at least until July 13 ([CQ Politics, 7/10](#); [Kaiser Health News, 7/10](#)). Meanwhile, on July 9, **Senate Finance Committee Chair Max Baucus** (D-MT) presented the committee with over a dozen mechanisms to finance health care reform, faced with a \$320 billion shortfall in his reform plans after Democratic leadership opposed his plan to tax employer-provided health benefits to finance the bill ([Kaiser Health News, 7/10](#); [Kaiser Health News, 7/9](#)). The **Kaiser Family Foundation** (KFF) continues to track the contents of the health care reform proposals on their [website](#).
- **Hospitals Reach Health Reform Deal with Obama Administration:** On July 6, the **American Hospital Association** (AHA), the **Federation of American Hospitals**, and the **Catholic Health Association** reached an agreement with **White House** and **Senate Finance Committee** officials to contribute \$155 billion to health care reform over 10 years. Under the plan, hospitals will accept \$155 billion in payment cuts and government officials have promised that any public plan included in health care reform will not reimburse at Medicare or Medicaid rates. Approximately \$100 billion of the savings would come from lower Medicare and Medicaid reimbursement rates and about \$40 billion would come in reductions in hospital payments for the uninsured. Both sets of payment reductions would likely not start for several years until more Americans have enrolled in health insurance plans because of health care reform legislation ([Washington Post, 7/7](#); [Kaiser Health News, 7/7](#)). However, the neither party has signed a written contract and there is no guarantee that the agreement will be incorporated into any legislative health care reform package that passes Congress ([Kaiser Health News, 7/9](#); [Los Angeles Times, 7/9](#)).
- **Senate Passes Bill Allowing Americans to Purchase Drugs from Canada Online:** On July 9, the Senate passed a **Department of Homeland Security** funding bill that included an amendment to allow Americans to purchase lower-cost prescription drugs from Canada online. Prices for American-made pharmaceuticals are often lower in Canada where government policies have drive prices down ([AP via AZ Central, 7/9](#); [Kaiser Health News, 7/10](#)).
- **President Obama Nominates NIH Director:** On July 8, **President Barack Obama** nominated **Dr. Francis S. Collins** as director of the **National Institutes of Health** (NIH). Dr. Collins previously served as director of the **National Human Genome Research Institute** and will succeed interim NIH director **Raynard Kington**. Dr. Collins is expected to be confirmed by the Senate ([New York Times, 7/8](#)).
- **Secretary Sebelius Announces Application Period for SCHIP Grants:** On July 6, **U.S. Department of Health and Human Services** (HHS) secretary **Kathleen Sebelius** announced that state governments and community groups may apply for \$40 million in State Children's Health Insurance Program (SCHIP)

outreach grants aimed at boosting enrollment among eligible children. The funds are part of a \$100 million outreach grant provision included in the SCHIP reauthorization bill that **President Obama** signed in February. The \$40 million, which HHS will distribute in grants ranging in size from \$25,000 to \$1 million, is the first phase of \$80 million to be distributed through outreach grants ([California Healthline, 7/7](#)).

- **Shriners Hospitals to Remain Open, Accept Insurance:** After **Shriners Hospitals for Children** suggested closing six hospitals due to endowment fund losses earlier this year, the board announced it will keep all 22 of its hospitals open but may eventually convert some to outpatient-only surgical facilities. In addition, the hospitals, which provide free care to all their patients, will begin accepting insurance payments for patients with insurance coverage ([Kaiser Health News, 7/10](#)).
- **Citizens for Tax Justice Release Analyses of Health Reform Financing Mechanisms:** On July 7, the **Citizens for Tax Justice** released a [report](#) with national and state-by-state analyses of **President Obama's** proposal to limit itemized deductions for wealthy families to finance health reform. The group also released a [report](#) examining national and state-by-state effects of expanding the Medicare tax to finance health reform ([Charleston Gazette, 7/8](#)).
- **Brief Provides ARRA EHR Spending Estimates:** On July 7, the **George Washington University School of Public Health and Health Services** released a [brief](#) analyzing Medicaid subsidies for the purchase of electronic health records (EHRs) through the American Recovery and Reinvestment Act (ARRA). The report concluded that as many as 45,000 physicians are eligible for up to \$63,750 in Medicaid subsidies for EHRs through the ARRA. If all eligible physicians received the maximum benefit, the total expenditure would reach \$2.8 billion ([Modern Healthcare, 7/9](#)).
- **Survey Finds Employers Favor Phasing In Health Reform:** A survey conducted between June 17 and June 26 by **Mercer**, found that 67 percent of surveyed U.S. employers would prefer health reform be phased in slowly, compared with 11 percent that favored comprehensive reform this year, and 12 percent that were unsure. The survey also found that only 24 percent of respondents considered a public health plan a "high priority" for reform and that 61 percent oppose curbing the tax-favored status of group health insurance ([Business Journal of Milwaukee, 7/6](#); [Business Insurance, 7/6](#)).
- **Study Finds Medicare "Part D" Healthy for Enrollees:** A study conducted by **Novartis Pharmaceuticals Corp.** and the **University of Maryland School of Pharmacy** examined the effects of the Medicare Prescription Drug Benefit (Part D) on health benefits measured through activities of daily living (ADL). Using data from 2006, the study determined the Medicare beneficiaries who enrolled in Part D and previously lacked prescription drug coverage had small but statistically significant health benefits ([University of Maryland Baltimore, 7/6](#)).
- **Survey Finds Americans Worried and Misinformed About Insurance Coverage:** On July 8, the **Community Oncology Alliance** released a survey showing that 45 percent of Americans believe their insurance would cover the full cost of cancer and only 25 percent believe that Medicare would cover the full cost. In addition, 64 percent wrongly reported that Medicare would not cover any of their cancer costs while 70 percent reported that they were "very concerned" about paying for cancer treatments ([Reuters via Boston Globe, 7/8](#)).

- **GAO Report Tracks ARRA Spending, Finds Most is for Medicaid:** The **Government Accountability Office** (GAO) released a [report](#) on July 8 that found that the **U.S. Treasury Department** had allocated \$29 billion of the \$49 billion in ARRA funds set aside for state and local use in FY2009. The report also found that 90 percent of the \$29 billion has been used for state Medicaid programs ([Bloomberg, 7/8](#); [Denver Business Journal, 7/8](#)).
- **CMS Releases New Hospital Readmission Data:** The **Centers for Medicare & Medicaid Services** (CMS) released new data on Medicare's Hospital Compare [website](#) examining hospital readmissions after treatment for heart attack, heart failure, or pneumonia between July 2005 and June 2008. The website gives hospital-level readmissions data, allowing for comparisons between individual hospitals ([Kaiser Health News, 7/10](#)).

## Around the Hill: Hearings on Health Financing

### **Senate Health, Education, Labor and Pensions Committee:** *Health Care Overhaul*

July 7, 10 a.m. 325 Russell

### **House Small Business Committee:** *Small Medical Providers*

July 8, 10 a.m. 2360 Rayburn

### **Senate Small Business and Entrepreneurship Committee:** *Health Care and Small Business*

July 9, 10 a.m. Russell 428A

### **House Veterans' Affairs Subcommittee on Health:** *Health Care Bills*

July 9, 10 a.m. 334 Cannon

### **House Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies:**

*Fiscal 2010 Appropriations: Labor-HHS-Education*

July 10, 9 a.m. 2358C Rayburn

### **House Appropriations Committee:** *Fiscal 2010 Appropriations: Labor-HHS-Education*

July 14, TBA, TBA

### **House Veterans' Affairs Subcommittee on Oversight and Investigations:** *VA/DOD Coordination of Health Records*

July 14, 10 a.m. 334 Cannon

## Around the States: State and Local Behavioral Health Financing News

### Alaska

- **CMS Places Temporary Moratorium on Some Medicaid Enrollments During Compliance Improvements:** A CMS review determined that the Alaska Medicaid program's home and community-based waivers and personal care services require improvement to ensure that federal and state standards are met. While the improvements are implemented, CMS will not permit Alaska to enroll new

Medicaid applicants for those programs. The state is currently working on identifying interim services for needy individuals ([Alaska Department of Health and Social Services via Sit News, 7/3](#)).

### Arizona

- **Governor Signs Stopgap Budget Leaving State with Shortfall, Ensures Medicaid ARRA Funding:** On July 8, **Governor Jan Brewer** (R) signed a \$10 billion stopgap state budget, developed in a special legislative session that began July 6. The budget leaves the state with a \$2 billion shortfall, roughly 20 percent of the budget, and contains additional education and health care funding, correcting some of the issues that caused the governor to reject the legislature's original budget (Financing News Pulse 7/6 edition). Governor Brewer and the **Arizona Legislature** also altered a separate bill that regulates county contributions to the Arizona Health Care Cost Containment System, the state's Medicaid program, to ensure that the state remains eligible for \$1.3 billion in ARRA Medicaid funding ([East Valley Tribune, 7/8](#); [Arizona Republic, 7/8](#); [Phoenix Business Journal, 7/7](#)).
- **Governor Allows Bill Reducing Certain Health Coverage Requirements to Pass:** **Governor Brewer** (R) allowed a bill to become law without her signature that will permit health insurers to omit certain state-mandated coverage on policies for uninsured individuals. The plan law will decrease the cost of health plans for the uninsured but also reduce their scope of coverage ([AP via CNBC, 7/9](#)).

### California

- **Update: State Issues More IOUs, Banks Plan to Stop Accepting Them:** As of July 10, **Governor Arnold Schwarzenegger** (R) and the Democratic-controlled **California Legislature** had yet to reach an agreement on the state's \$26.3 billion deficit. Instead, California continues to issue IOUs to vendors and tax refunds, saving its cash for priority payments like Medicaid, schools, and payroll that the state may not pay with IOUs. Since July 2, the state has issued 91,213 IOUs for \$354.4 million. In addition, **Bank of America, Wells Fargo, JPMorgan Chase, and Citibank** have announced plans to stop accepting the IOUs after July 10; however, state officials are attempting to extend that deadline ([San Francisco Chronicle, 7/10](#); [Reuters, 7/9](#)).
- **Court Rejects Medicaid Fee Cuts:** The 9<sup>th</sup> U.S. Circuit Court of Appeals in San Francisco ruled that the state violated federal law designed to ensure quality health services for the poor. The court ruled that California violated the law that requires Medicaid programs to set reimbursement rates that will pay for quality care and lead to equal access to health services for the poor when it cut Medi-Cal reimbursements for doctors, clinics, health centers, and pharmacists by 10 percent in July 2008. The ruling requires the state to reimburse the providers for the reductions, which expired March 1 ([San Francisco Chronicle, 7/9](#)).
- **Stanislaus County Eliminates Retiree Health Stipend:** On July 8, the Stanislaus County retirement association voted to eliminate the monthly stipends for 2,500 county retirees beginning 2010. The stipends range in value up to \$370 monthly ([AP via San Jose Mercury News, 7/8](#)).



### Colorado

- **State Launches Long Term Care Insurance Program:** On July 7, the Colorado Long-Term Care Partnership announced a state program that will allow Colorado residents to purchase long-term care insurance through a network of private insurers to protect their future assets in the event that they later need Medicaid to help pay for their long term care. The partnership involves the **Department of Health Care Policy and Financing**, the **Division of Insurance**, the **Department of Human Service's Division of Aging and Adult Services**, and the **Governor's Office** ([Denver Business Journal, 7/7](#)).

### Connecticut

- **Governor Vetoes Health Bills:** On July 8, **Governor M. Jodi Rell** (R) vetoed two health bills (previously approved by the **Connecticut Legislature** on May 30 (Financing News Pulse 6/8, 5/26 editions). **HB 6582** would have allowed municipalities and small businesses to join the state employee health care pool and **HB 6600** would have created board of directors to take steps towards the creation of universal health care through a plan called Sustinet. The governor said that the bills were well intentioned but too costly given the state's current economic condition ([Hartford Business Journal, 7/8](#)).
- **Senator Dodd Opposes Proposed Individual Insurance Rate Hike:** On July 1, **Anthem BlueCross BlueShield** requested permission from the **Connecticut Insurance Department** to raise its individual health insurance rates an average of 23 percent and as much as 32 percent for some plans. If approved, the rate increase would affect 56,000 Connecticut residents. On July 6, **Senator Chris Dodd** (D-CT)—who currently acts as the interim chairman of the **Senate HELP Committee**—urged Anthem to reconsider its request, noting that the proposal runs counter to Congress' current health care reform efforts ([Hartford Courant, 7/7](#); [Kaiser Health News, 7/7](#)).

### Delaware

- **Walgreen's and State Reach Temporary Agreement on Medicaid Reimbursements:** After the **Delaware Department of Health and Social Services** (DHSS) announced plans to cut the Medicaid reimbursement rate for brand name prescription drugs from 86 to 84 percent of the average wholesale price, **Walgreen Co.** threatened to end its participation in the Medicaid program beginning July 6 (Financing News Pulse 6/22, 6/15, 6/8 editions). However, Walgreen's and DHSS have reached a temporary agreement under which Walgreen's will continue participating in the Medicaid program until August with brand name prescription reimbursements at 85 percent of the average wholesale price while the parties attempt to reach a permanent settlement ([Reuters, 7/6](#)).

### Florida

- **BCBS Florida Expands Health Care Store Pilot:** After creating two successful pilot stores, **BlueCross BlueShield** (BCBS) **Florida** is planning to create two storefronts near large malls to sell individual health care policies. So far, BCBS in two other states have copied BCBS Florida's model, saying that such physical stores simplify the complicated process of buying individual health insurance ([St. Petersburg Times, 7/7](#); [Kaiser Health News, 7/7](#)).

## Illinois

- **Governor Vetoes Budget, Proposes \$1 Billion in Cuts:** On July 7, **Governor Pat Quinn** (D) vetoed the state budget bill (**HB 2145**) that would have appropriated \$3.8 billion, saying it did not cut enough spending. Instead, Governor Quinn proposed \$1 billion in spending cuts and sent the budget back the **Illinois Legislature**. The governor's proposal include \$140 million in cuts to Medicaid and other health care programs, 870 layoffs from the **Department of Human Services**, and \$25 million in cuts to other state agencies and departments ([KPLR, 7/9](#); [ABC, 7/7](#); [St. Louis Business Journal, 7/7](#)).

## Iowa

- **Black Hawk County Receives Funding for Mental Health Court:** Black Hawk County will create a mental health court with \$149,000 in funding from a **U.S. Department of Justice** (DOJ) Edward Byrne Justice Assistance grant and the ARRA. County officials expect the court to be operational in September ([WCF Courier, 7/8](#)).

## Maine

- **Employers, Non-Profits, Insurers, and Medicaid Sponsor Medical Home Pilot:** A coalition of employers called the Maine Health Management Coalition, non-profits Quality Counts and the Maine Quality Forum, the state's Medicaid program, and **Aetna, Anthem BlueCross BlueShield, Cigna, and Harvard Pilgrim** have partnered to create a three-year medical home pilot program with 26 physician's practices in Maine. The program will pay a fee to participating practices to cover the additional costs of active care-coordination. The value of the additional payment has yet to determined ([Maine Public Broadcasting Network, 7/8](#)).
- **Update: CMS Will Allow Hospital to Continue Receiving Medicare and Medicaid Funds:** Last week, **CMS** informed Down East Community Home Hospital that it would no longer be eligible for Medicaid and Medicare reimbursements beginning July 10 because of compliance violations dating back to January 2008 (Financing News Pulse 7/6 edition). However, on July 8, CMS agreed to allow the hospital to continue receiving the funding contingent upon implementation of a corrective action plan. The hospital is currently under receivership with Eastern Maine Healthcare Systems operating the facility ([AP via WGME, 7/9](#)).

## Maryland

- **Pilot Job Program for Mentally Ill Seeks Federal Funding:** A new three-year vocational rehabilitation pilot program for the mentally ill is seeking federal funding for 8 percent of the total program cost. The program is estimated to cost \$9 million over three years with Maryland covering 72 percent of the cost and the Harry and Jeanette Weinberg Foundation covering 20 percent of the cost contingent on the 8 percent federal match. **Senator Barbara Mikulski** (D-MD) is asking that the funding be included in the FY2010 Labor-HHS-Education funding bill under consideration this week in the **Senate Appropriations Committee**. The pilot would help rehabilitate about 500 people and is anticipated to save as much as \$1 million in hospital costs ([Herald-Mail, 7/6](#)).

### Massachusetts

- **Massachusetts Expands Mandatory M/SU Coverage:** Effective July 1, Massachusetts added eating disorders, addiction, autism, and post traumatic stress disorder (PTSD) to a list of nine other mental health conditions that state insurance companies must cover on an equal basis with general health care in all of their health plans ([Boston Globe, 7/6](#)).
- **State Funds Program to Increase Access to In-Home Mental Health Care for Children:** Stemming from a 2006 lawsuit over Massachusetts' lack of in-home behavioral health care for children, the state has implemented the Children's Behavioral Health Initiative state-wide. The initiative is designed to ensure that Medicaid-eligible children receive in-home mental health care and provides case managers and services to connect local and state health agencies. The program is funded by \$65.7 million, allocated in the budget passed on June 29 (Financing News Pulse 7/6 edition) ([Metro West Daily News, 7/5](#)).

### Michigan

- **Legislature Considers Competing Health Reform Plans:** The **Michigan Legislature** is currently considering two health care reform packages designed to reform the state's health system before the federal government passes new legislation. Democrats in the **Michigan House** and Republicans in the **Michigan Senate** are working on competing proposals. However, both would shorten wait times for applicants with chronic conditions to secure health coverage to six months and cover claims of insured people valued at \$25,000 or more with varying caps. In addition, the House legislation would require state insurance companies to accept all applicants regardless of preconditions and expand Medicaid coverage for children through MICHild. Senate legislation would create a program, MI-Health, to offer insurance to low-income residents through private insurers and require insurers to accept all applications only if the insurer participates in the program ([Kaiser Health News, 7/7](#); [Detroit Free Press, 7/7](#)).
- **Attorney General Backs Bill to Create Medicaid Fraud Unit:** Michigan Attorney General Mike Cox is supporting bills drafted by Republican legislators that would create an independent Medicaid fraud office separate from the **Department of Community Health**. Supporters of the plan believe it could save the state \$100 million a year ([AP via Forbes 7/8](#)).
- **Genesee County Provides More Funding for Mental Health:** Genesee County Community Mental Health has supplied an additional \$125,000 to Genesee Health Plan's mental health program that treats the county's uninsured. The additional funds come as enrollment has gone from 660 in 2007 to a projected 1,200 for 2009 ([Flint Journal, 7/6](#)).

### Minnesota

- **Foundation Grants Funds for Immigrant Mental Health:** The **BlueCross BlueShield of Minnesota Foundation** has awarded \$290,000 in grants to promote the mental health and social adjustment of new Americans under the foundation's "Healthy Together: Creating Community with New Americans" initiative ([PRNewswire, 7/9](#)).



### Mississippi

- **Governor's Cuts May Affect Community Mental Health Centers:** As part of the state budget process, **Governor Haley Barbour** (R) vetoed \$7 million for community mental health centers because the funding exceeded the **Mississippi Legislature's** promised \$95 million limit on "rainy day fund" transfers. The president of the **Mississippi Mental Health Centers Association** reported that the cuts will affect some of the state's 15 mental health centers that were relying on the funding to pay for budget shortages in the previous fiscal year. The centers collectively owe the **Mississippi Department of Mental Health** \$1.8 million for June and will continue to owe the department the same amount in coming months ([Sun-Herald, 7/2](#)). The governor's veto also leaves the state's regional mental health facilities without \$29 million in federal matching funds ([Clarksdale Press Register, 7/8](#)).

### Nebraska

- **Medicaid Will No Longer Cover Enhanced Treatment Group Homes:** On June 26, the regional Medicaid office in Kansas City, MO informed the **Nebraska Department of Health and Human Services** that the state Medicaid program was improperly reimbursing certain services. The Medicaid program had been paying room and board expenses for enhanced treatment group homes; however, the program was only authorized to cover such expenses for institutional settings. As a result, the state's Medicaid program will no longer cover such treatment for children under Medicaid; however, Nebraska will continue to provide the services for wards of the state ([Omaha World-Herald, 7/6](#)).

### New York

- **State Grants Funding for High-Cost Medicaid Patient Care Coordination Pilot:** The **New York Department of Health** has granted \$2.75 million to Hudson Health Plan to develop the Westchester Cares Access Program, which will coordinate medical care for 250 of Westchester's neediest and costliest residents. The program will focus on coordinating the medical, psychological, housing, and transportation needs of the patients to improve care and reduce cost ([Westchester.com, 7/7](#)).
- **Substance Abuse Recovery Organization Receives State Grant:** Friends of Recovery of Delaware and Otsego Counties Inc. will receive \$60,000 to develop a recovery community center to provide long-term support to individuals recovering from addiction. The agency is eligible to receive an additional \$60,000 every year for the next five years. The funding comes from \$510,000 allocated from the **New York Office of Alcoholism and Substance Abuse Services** ([Daily Star, 7/7](#)).

### North Carolina

- **Legislators Fail to Reach Budget Deal, Agree to Cut Mental Health Program:** Despite failing to pass a budget, legislators in the **Illinois House** and **Senate** have agreed to end a mental health program, "Community Support," which allows private entities to receive state funding to teach life skills to the mentally ill. Investigations have shown that the **Department of Health and Human Services** failed to contain the cost of the program, causing \$400 million in waste. Eliminating the program will save the state \$65 million this year and \$97.5 million next year ([Charlotte Observer, 7/4](#)).
- **State Approves Psychiatric Emergency Center:** The **North Carolina Division of Health Services Regulation** approved the construction of a \$13.8 million psychiatric emergency center at Old Vineyard

Behavioral Health Services in Winston-Salem. The building plan now enters a comment period but is expected to achieve final approval. The conditions of the approval stipulate that the center must agree to receive certain clients that would otherwise go to state psychiatric hospitals, including involuntary commitment patients ([Winston-Salem Journal, 7/8](#)).

- **Report Reviews Mental Health Program, Finds Wasted Management Funds:** The Program Evaluation Division of the **North Carolina General Assembly** released a [report](#) examining the costs, administrative decision making, and leadership in the state mental health system's Enhanced Services Package. The package was designed to expand participation in the Medicaid rehabilitation option and leverage federal funding for a wider range of services. The report found that the package cost \$2.4 billion from April 2006 through February 2009, including \$827.2 million in state funds. However, because cost control measures were implemented slowly, effective planning and oversight from the **North Carolina Department of Health and Human Services** would have saved the program an estimated \$498.5 to \$635.3 million, of which \$177.4 to \$226.2 would have been state funds ([Beaufort Observer, 7/7](#)).

## Ohio

- **Update: Governor Signs Second Interim Budget:** On July 7, **Governor Ted Strickland** (D) signed a second interim budget that will fund the state through July 14 while he and state lawmakers seek a budget compromise. The governor signed the first interim budget last week to keep the state running through July 7 (Financing News Pulse 7/6) ([Business First Columbus, 7/7](#)).
- **Medicaid Recipients Sue State Over Managed Care Plan Management:** Five Ohio Medicaid recipients are suing the **Ohio Department of Job and Family Services** for failing to provide adequate information about switching Medicaid managed care plans. After Buckeye Community Health Plan, a Medicaid managed care plan, recently stopped paying for certain services at certain locations, the state received 700 requests to change plans but only processed 160. The suit alleges that the state did not accommodate Medicaid managed care plan transfers as it is legally obligated to do and seeks payment for services rendered and an injunction preventing the removal of those services from the plan ([Business Courier of Cincinnati, 7/2](#)).

## Pennsylvania

- **Philadelphia Opens Mental Health Court:** Beginning July 8, Philadelphia will operate a mental health court for non-violent offenders requiring outpatient mental health treatment. The court's start up costs are covered by a \$60,000 state grant; however, personnel are drawn from existing agencies and services ([AP via Philadelphia Inquirer, 7/7](#); [Philadelphia Inquirer, 7/8](#)).
- **Hospital System Makes Cutbacks:** To balance its FY2010 budget, Lehigh Valley Health Network will freeze most raises, cut salaries for senior leaders and directors, and force employee family members and dependents to pay a portion of their health insurance premiums ([WFMZ, 7/2](#)).

## Tennessee

- **State Funding Cuts Close Behavioral Health Clinic:** State funding cuts have forced Indian Path Pavilion to close. The inpatient facility in Kingsport will transfer its patients and much of its staff to Woodbridge

Hospital in Johnson City over the next two months. Mountain States Health Alliance owns both facilities ([AP via WHNT, 7/6](#)).

## Utah

- **Survey Finds Most Small Business Do Not Provide Health Benefits:** A survey conducted in June and released July 8 by **Small Business Majority** found that 60 percent of companies with 100 employees or fewer do not pay for any part of their employees' health insurance. The study found that 88 percent of the companies that do not pay for health insurance reported not doing so because of the cost and that 79 percent of small businesses that do pay for health insurance reported struggling to do so ([Standard Examiner, 7/9](#)).

## Washington

- **Board Approves Increased State Employee Health Costs:** On July 8, the **Public Employees Benefits Board** accepted a proposal to raise premiums, deductibles, and copayments for state employees, retirees, public-sector workers, and dependents. In the most popular plan, monthly premiums will increase from \$82 to \$123 monthly, deductibles will increase from \$50 to \$250 for a single employee, and maximum out-of-pocket costs for a single employee will go from \$1,500 to \$2,000. The changes are set to take effect January 2010 ([Olympian, 7/8](#)).
- **Regence BlueShield to Raise Individual Health Plan Premiums:** On August 1, **Regence BlueShield** will raise health insurance premiums for 135,000 members with individual health plans by an average of 17 percent ([Kaiser Health News, 7/9](#)).
- **Adams County Health District Funding Cut:** State budget cuts have taken \$18,000, or 20 percent, of the Adams County Health District aging and disabilities budget in addition to \$8,000 taken from tobacco prevention and control ([Othello Outlook, 7/5](#)).

## West Virginia

- **DHHR and Judge Reach Agreement on Mental Health Care:** On July 2, Kanawha County Circuit Court Judge Duke Bloom and the **West Virginia Department of Health and Human Resources (DHHR)** reached an agreement on a state mental health treatment plan stemming from a 1981 case on which the court heard testimony in April (Financing News Pulse 5/4 edition). Under the agreement, the department will spend \$15.3 million over three years to build seven new group homes and seven new day treatment centers. In addition, the state will also devote \$1.5 million to increased Medicaid reimbursement rates for mental health services and alter staffing procedures at the state's psychiatric hospitals. Finally, the **Office of the Ombudsman for Behavioral Health**, which previously reported to DHHR, will be converted to a court monitor position and will report back regularly on the plan progress ([AP via Charleston Daily Mail, 7/2](#)).
- **Report Finds Substance Abuse Costs Criminal Justice System \$333 Million:** A report released by the **Partnership to Promote Community Well-Being** found that the criminal justice costs associated with substance abuse—including arresting, trying, jailing, and rehabilitating—totaled \$333 million last year. The report found that the **Regional Jail and Correctional Facility Authority** spent \$51 million of its 2008

funding, over half its budget, on criminals whose crimes were related to substance abuse ([AP via Charleston Gazette, 7/9](#)).

#### Wisconsin

- **ARRA Funds Allow Clinic to Offer Mental Health Care:** In late July, Bridge Community Health Clinic will begin offering mental health care through \$613,820 in ARRA funding. Roughly \$157,000 will allow the clinic to add new staff and an additional \$457,000 will fund facility expansions and equipment purchases. About 25 percent of the clinic's 5,000 patients suffer from mental illness ([Wausau Daily Herald, 7/5](#)).